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ILLINOIS COMMERCE COMMISSION

KANE, NORBY & REDDICK, P.C.

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December 21, 2005

Ms. Elizabeth A. Rolando  
Chief Clerk  
Illinois Commerce Commission  
527 East Capitol Avenue  
Springfield, IL 62701

05-0248  
Report per Order

CHIEF CLERK'S OFFICE

2005 DEC 27 A 11:17

ILLINOIS  
COMMERCE COMMISSION

RE: DOCKET NOS. 05-0248  
BAHL WATER CORPORATION

Dear Ms. Rolando:

Enclosed please find the Water System Operation Agreement entered into by Quality Water, Inc. d/b/a Bahl Water Corporation and Jaeger Plumbing & Pump, Inc. We are providing this to you pursuant to an Order entered in Case No. 05-0248.

Sincerely,

KANE, NORBY & REDDICK, P.C.

By Todd L. Stevenson  
Todd L. Stevenson

TLS/bmo

Encs.

cc: J. Stephen Yoder, Administrative Law Judge (w/enc.)  
Linda M. Buell (w/enc.)  
Kim Jaeger (w/enc.)

**WATER SYSTEM OPERATION AGREEMENT**

On this 19<sup>th</sup> day of December, 2005, Quality Water, Inc. d/b/a Bahl Water Corporation (hereinafter "Bahl"), enters into this Water System Operation Agreement (hereinafter "Agreement") with Jaeger Plumbing & Pump, Inc. (hereinafter "Jaeger")

WHEREAS, Quality Water, Inc. is an Iowa corporation with its principal place of business located in Dubuque, Iowa, and owns and operates a water distribution system in Pioneer Acres Subdivision, Jo Daviess County, Illinois which it operates as Bahl Water Corporation (the "System"); and

WHEREAS, Jaeger Plumbing & Pump, Inc. is an Iowa corporation in the business of providing plumbing and related services with its principal place of business located in Dubuque, Iowa; and

WHEREAS, Bahl seeks to enter into an Agreement with Jaeger to perform all services necessary for the operation of the System;

NOW for good and valuable consideration the parties agree as follows:

1. Ownership. Bahl will retain ownership of the System and Jaeger does not, by virtue of this agreement, obtain any ownership interest in the System;
2. Services Provided by Jaeger.
  - a. Administration. Jaeger shall provide all administrative services necessary to operate the water system which shall include making qualified employees available to perform or assist in the performance of Bahl's corporate duties.
  - b. Clerical/Billing. Jaeger shall provide secretarial and clerical duties for Bahl which shall include the maintenance of business documents, such as contracts, deeds, operating reports and other documents necessary for the operation of the water system, as well as billing customers and paying vendors.
  - c. Engineering. Jaeger will supply engineering services to Bahl as required in all areas of design, construction, and operation of the water system.
  - d. Accounting. Jaeger shall provide all accounting services necessary for the operation of the water system including, but not limited to, bookkeeping, payroll, tax return preparation, financial statement preparation, budget preparation, credit applications, the preparation of financial reports required by regulatory bodies, and documents and reports necessary for the shareholders of Bahl.

- c. Information and Technology. Jaeger shall provide information and technology services by providing computer equipment, and software necessary to operate the water system.
- f. Labor. Jaeger will provide labor to operate and maintain the water system including, but not limited to, routine maintenance, routine testing, the addition of chemicals to the water system, and other duties which are necessary to maintain the system in working condition.
- g. EPA Standards. Jaeger will perform all duties necessary to maintain water quality standards as required by the Illinois EPA.
3. Compensation. In consideration of the services to be rendered by Jaeger to Bahl, Bahl agrees to pay Jaeger at Jaeger's standard rate, including salaries and other expenses incurred in connection with services rendered by Jaeger for Bahl which can be specifically identified and related to services rendered to Bahl by Jaeger. Such charges shall be invoiced to Bahl on a regular basis which shall occur not less than on a quarterly billing cycle. Payments shall be made by Bahl to Jaeger within 30 days of receipt of the invoice for services provided. In the event Bahl fails to make payment when due, Jaeger shall be entitled to recover any costs incurred in collecting such sums (including reasonable attorney's fees) and interest at the rate of 12% per annum from the due date.
4. Miscellaneous This Agreement shall be governed by the laws of the State of Illinois. This Agreement shall enure to the benefit of the successors and assigns of the parties to this Agreement. However, no assignment of this Agreement can be made without the express written consent of each party.

QUALITY WATER, INC. d/b/a  
BAHL WATER CORPORATION

By Thomas Jaeger

Dated 12-19-05

JAEGER PLUMBING & PUMP, INC.

By Thomas Jaeger

Dated 12-19-05